Unemployment since 1971

René Morissette and Feng Hou

With headlines trumpeting a 30-year low in the national unemployment rate and increasing numbers of stories highlighting labour shortages in economic hot spots, it's easy to get the impression that the labour market has never been better. But from a demographic perspective, things should be even rosier. Employment and earnings tend to increase with both education and experience, and today's labour force is more experienced and educated than ever before. Education levels have risen with the increasing credentials of labour market entrants, while the aging of the workforce has shifted the experience profile upwards. For a better perspective on long-term trends, one should account for these factors by looking at specific age-education combinations.

This article uses the Census of Population to compare unemployment rates from 1971 to 2001 for individuals aged 25 to 64, based on consistent measures of educational attainment. More recent trends from 2001 to 2005 are examined using the Labour Force Survey (see *Data sources and definitions*). These groupings yield a more nuanced long-term perspective on current labour market conditions.

The changing profile of the Canadian workforce

Along with the population in general, Canada's labour force has become older and more educated. In 1971, 16% of Canadian-born workers were aged 25 to 34 and had less than a high school diploma (Table 1). Thirty years later, the proportion was just 4%. In tandem, the percentage aged 35 to 44 with a university degree grew from 2% to 6%. Nevertheless, the unemployment rate for Canadian-born individuals in 2001 was slightly higher than in 1971 (Chart A).

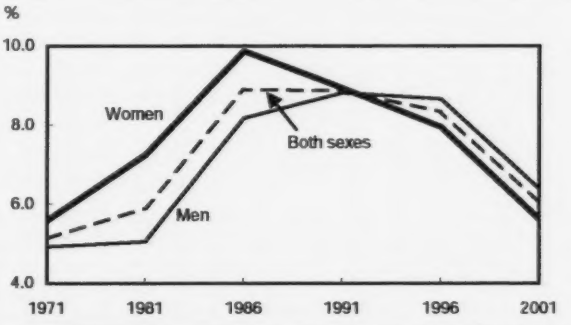
The authors are with the Business and Labour Market Analysis Division. René Morissette can be reached at (613) 951-3608, Feng Hou can be reached at (613) 951-4337 or both at perspectives@statcan.ca.

A breakdown of the figures shows that in 1971 about 8% of all native-born Canadians aged 25 to 34 in the labour force who had not completed high school were unemployed; in 2001, the percentage was roughly 14%.[1] Similarly, the unemployment rate of their counterparts aged 35 to 44 rose from 6% to 10%. While the magnitude declined for each of the next two age groups, the increase was still almost 3 percentage points for those 55 to 64.

Similar patterns were observed among high school graduates, although their unemployment rates rose to a lesser extent. In this group, those aged 25 to 34, 35 to 44, and 45 to 54 experienced increases of about 4, 3 and 2 percentage points respectively.

Educated workers did not avoid this long-term increase either. University graduates aged 25 to 34, 35 to 44, and 55 to 64 saw their unemployment rise by almost 2 points during the period. In sum, whatever their age and education level, Canadian-born labour market participants aged 25 to 64 had higher rates of unemployment in 2001 than 30 years earlier.

Chart A Unemployment rates of the native-born aged 25 to 64 were higher in 2001 than in 1971.



Source: Census of Population

Data sources and definitions

This study uses the one-third sample file of the 1971 Census, the 20% sample files of the 1981, 1986, 1991, 1996, and 2001 Censuses, and the May and June files of the 2001 and 2005 Labour Force Survey. The sample selected consists of individuals aged 25 to 64 who were either employed or unemployed in the week prior to the Census or in the LFS reference week. Individuals aged 15 to 24 were excluded because those attending school full time cannot be identified in some years. Institutional residents and persons living in the Northwest Territories, the Yukon Territory and Nunavut were also excluded.

Unemployment rates for 1981 to 2001 are comparable. However, the concept of unemployment used in 1971 included some employees who were absent from work during the Census reference week, and some who were employed in 1970 or 1971 but were not looking for work. As a result, the 1971 unemployment rates are biased upwards. Therefore, the long-term rise in unemployment rates within age and education cells would actually be larger if consistent concepts were used.

When using Census data, the four education levels presented are based on the highest grade or year of elementary or secondary school attended, or the highest year of university or other non-university education completed. The attainment of a degree, certificate or diploma is considered to be at a higher level than years completed or attended without an educational qualification. **Less than high school** refers to individuals who did not obtain a high school diploma. **High school** includes those who graduated from high school, those who obtained a trades certificate or diploma, and those who attended other non-university education without obtaining a certificate or diploma. **Some postsecondary** includes those who obtained a certificate or diploma through other non-university education, and those who finished some years of university education but did not obtain a degree. **University degree** applies to individuals with a bachelor's degree or higher.

Table 1 Canadian-born labour market participants by age and education

	1971	1981	1986	1991	1996	2001
				%		
Total 25 to 64	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
25 to 34						
Less than high school	16.1	10.2	10.3	7.8	5.2	3.5
High school	7.5	10.9	11.3	11.0	8.4	6.1
Some postsecondary	5.7	13.2	13.4	13.2	12.4	11.0
University degree	3.2	6.5	6.4	6.2	6.6	6.6
35 to 44						
Less than high school	17.6	9.6	8.6	7.3	6.9	6.1
High school	4.6	6.0	7.1	9.2	9.9	9.4
Some postsecondary	3.3	7.3	9.1	10.5	12.2	12.9
University degree	1.8	3.3	4.7	5.6	5.9	6.1
45 to 54						
Less than high school	16.8	10.2	8.1	6.6	5.8	5.5
High school	3.9	4.2	4.0	5.1	6.2	7.5
Some postsecondary	2.5	4.1	4.2	5.2	7.3	9.3
University degree	1.4	1.6	1.9	2.7	4.2	5.2
55 to 64						
Less than high school	11.2	7.4	6.0	4.6	3.7	3.5
High school	2.2	2.5	2.2	2.3	2.2	2.6
Some postsecondary	1.4	2.3	2.0	1.9	2.2	3.0
University degree	0.7	0.9	0.9	0.9	1.1	1.6

Note: High school also includes trades certificate or diploma.
Source: Census of Population

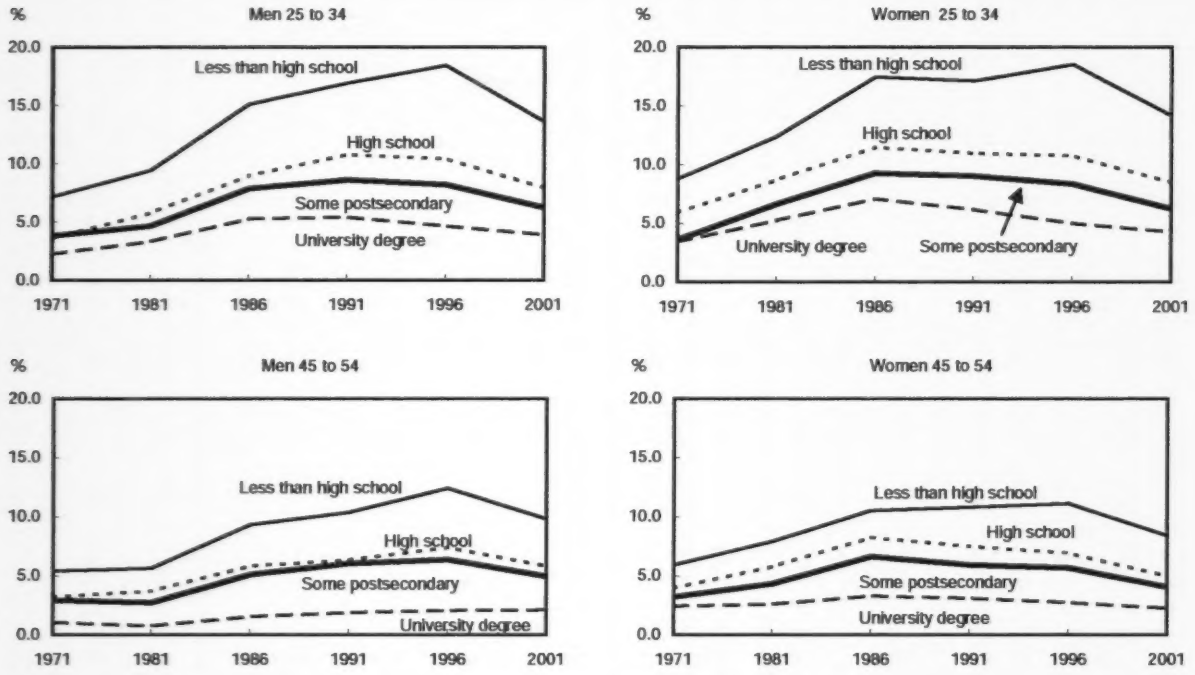
Unemployment rates of Canadian-born men and women

For most groups of Canadian-born men and women, unemployment rates have trended upwards over the last three decades (Chart B). While unemployment rose substantially for all those who had not completed high school, the increases were more pronounced among men. For instance, the unemployment rate of men aged 35 to 44 without a high school diploma rose fully 5 percentage points, compared with about 3.5 points for women. Regardless of age and educational category, Canadian-born men aged 25 and over had higher unemployment rates in 2001 than in 1971. The same was true for virtually all groups of Canadian-born women.

Unemployment rates of immigrant men and women

Immigrants experienced similar changes. As with their Canadian-born counterparts, virtually all groups of immigrants (of a given age and education level) saw their unemployment rate rise between 1971 and 2001.

Chart B Most groups of Canadian-born men and women had higher unemployment rates in 2001 than in 1971.



Source: Census of Population

Once again, unemployment grew more among the less-educated. For instance, both men and women aged 25 to 34 and with no high school diploma experienced roughly a 4-percentage point increase in their unemployment rates (Chart C).

University degree holders, especially men, were not immune either. The unemployment rate of immigrant men aged 25 to 54 rose 1 to 3 percentage points while the women's rate rose 1 to 2 points.

In 1971, unemployment for immigrant male university graduates aged 35 to 54 was half the rate of their counterparts with no high school diploma. Thirty years later, the relative differences across education levels were much less pronounced. In fact, while the unemployment rate of immigrant men aged 45 to 54 who had not completed high school rose by about 1 percentage point between 1971 and 2001, it rose 2.5 points among those with a university degree. However, an opposite pattern was found among younger men aged 25 to 34.

Recent trends

According to the Labour Force Survey, employment in blue-collar jobs grew substantially between 2000 and 2004 (Cross 2005). Did this growth reflect favourably on the unemployment rates of less-educated workers?[2]

For women in all age groups except 45 to 54, those who did not complete high school saw no improvement in their unemployment rates between 2001 and 2005 (Table 2). Among women with a high school diploma, none enjoyed a sizeable decrease in their rate.

Table 2 Growth in unemployment rates by age and education

	Men		Women	
	1971-2001	2001-2005	1971-2001	2001-2005
	% point change			
Total 25 to 64	**1.4**	**-0.7**	**0.1**	**-0.1**
25 to 34				
Less than high school	6.0	1.0	5.1	0.7
High school	4.1	-1.0	2.6	-0.4
Some postsecondary	2.1	-0.3	2.4	-0.6
University degree	1.7	-0.9	0.8	1.1
35 to 44				
Less than high school	4.6	-2.0	3.2	0.8
High school	3.1	-1.0	1.3	0.8
Some postsecondary	2.1	0.3	1.3	-0.8
University degree	2.1	0.1	0.4	0.1
45 to 54				
Less than high school	3.7	-1.8	2.1	-1.2
High school	2.3	-0.4	0.9	-0.2
Some postsecondary	1.7	0.0	0.5	0.1
University degree	1.6	0.5	0.1	0.1
55 to 64				
Less than high school	2.9	-1.4	0.9	3.2
High school	2.5	-0.6	1.1	1.8
Some postsecondary	2.1	0.0	1.4	-0.7
University degree	1.6	-1.4	1.4	-1.7

Note: High school also includes trades certificate or diploma.
Sources: Census of Population, 1971 to 2001; Labour Force Survey, May and June 2001 and 2005

Male high school graduates 25 and over also benefited from the recent expansion in blue-collar jobs. However, their unemployment rates never fell by more than 1 percentage point between 2001 and 2005. This moderate improvement left their unemployment rates 2 to 3 percentage points higher in 2005 than in 1971, depending on their age. For instance, high school graduates 25 to 34 saw their rate rise by 3 points during this period.

In sum, while the recent expansion in blue-collar employment improved the employment prospects of less-educated men, the recent reduction in their unemployment rates never fully offset the previous increases observed from 1971 to 2001. As a result, less-educated workers of both sexes saw their unemployment rates rise over the 1971-to-2005 period.[3]

Thus, women with low levels of education benefited very little from the recent growth in blue-collar jobs. Over the full 1971-to-2005 period, unemployment rates among women aged 25 and over with less than a high school diploma rose by 1 to 6 percentage points.

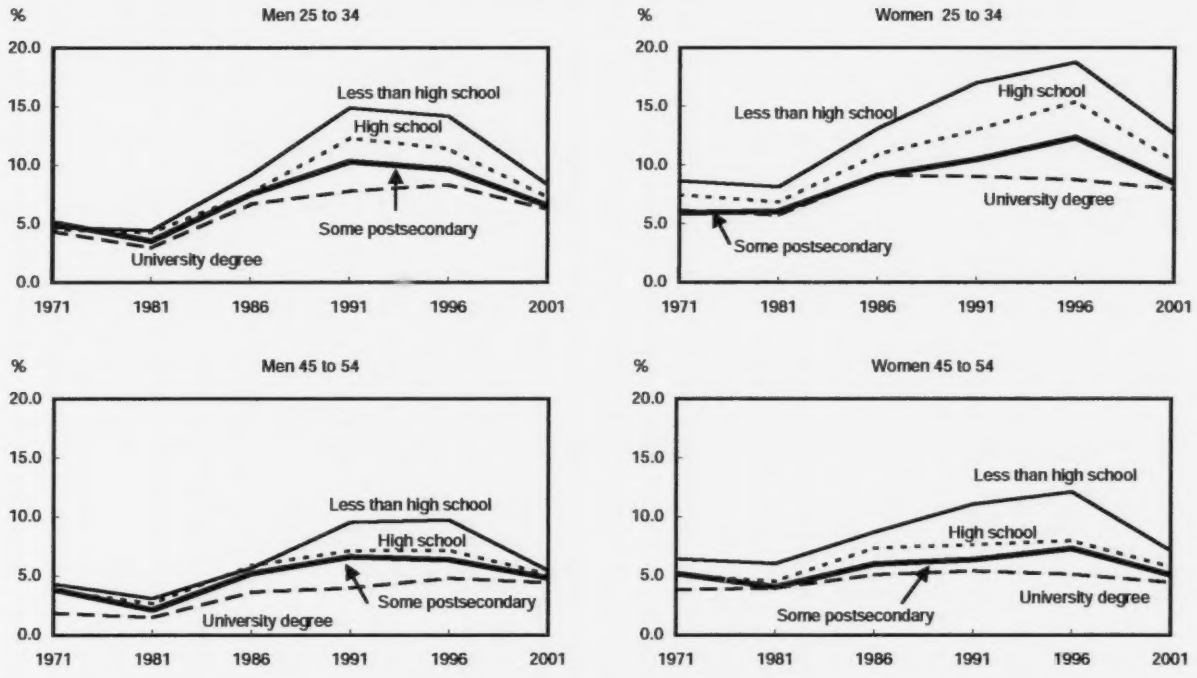
Among men with less education, unemployment rates improved to a greater extent. For example, men 35 and over with no high school diploma saw their rate drop by up to 2 percentage points between 2001 and 2005. However, this improvement was not sufficient to fully offset the rise during the 1971-to-2001 period. As a result, men of all ages who did not complete high school saw their unemployment rates rise between roughly 2 and 7 percentage points over the 35-year period.

Table 3 Growth in employment rates by age and education

	Men		Women	
	1971-2001	2001-2005	1971-2001	2001-2005
	% point change			
Total 25 to 64	**-4.4**	**1.2**	**29.4**	**2.4**
25 to 34				
Less than high school	-9.7	-1.0	19.8	0.7
High school	-7.3	0.9	22.0	-0.2
Some postsecondary	-3.4	0.2	23.7	2.5
University degree	-3.0	-0.4	20.1	-0.5
35 to 44				
Less than high school	-8.8	1.5	24.8	0.5
High school	-6.2	2.0	27.3	-0.1
Some postsecondary	-4.2	-0.2	28.4	1.3
University degree	-4.3	0.6	25.4	-0.7
45 to 54				
Less than high school	-9.2	3.1	19.6	2.4
High school	-6.9	0.7	21.5	4.3
Some postsecondary	-5.1	0.3	22.1	0.9
University degree	-5.1	-0.6	20.6	0.5
55 to 64				
Less than high school	-20.9	8.6	2.3	5.8
High school	-22.3	3.8	0.9	7.4
Some postsecondary	-19.6	9.0	1.6	7.5
University degree	-20.0	2.7	-1.4	5.9

Note: High school also includes trades certificate or diploma.
Sources: Census of Population, 1971 to 2001; Labour Force Survey, May and June 2001 and 2005

Chart C Immigrants showed similar patterns in unemployment rates to the Canadian-born.



Source: Census of Population

Employment rates

Looking only at unemployment rates may not give a full picture of the labour market. Even though unemployment rates have trended upwards for some groups since the early 1970s, their participation rates may also have increased, resulting in higher employment rates.[4]

This is the case for women aged 25 to 54. Whatever age and education breakdowns are considered, their employment rates increased by at least 20 percentage points between 1971 and 2001 (Table 3), changing only marginally between 2001 and 2005. As a result, women in this age group who did not complete high school experienced an increase in both unemployment and employment rates.

The story was different for men 25 to 54. Those with a high school diploma or less saw their employment rates fall by 6 to 10 percentage points between 1971 and 2001 and increase by at most 3 percentage points between 2001 and 2005. For these men, employment opportunities, whether measured by employment rates or unemployment rates, worsened over the 1971-to-2005 period.

Partly as a result of a trend toward earlier retirement, employment rates for men aged 55 to 64 fell at least 20 percentage points between 1971 and 2001.[5] However, from 2001 to 2005, employment rates rose between 3 and 9 percentage points.

In sum, while women's employment rates rose for all age and education groups between 1971 and 2005, men's employment rates fell.

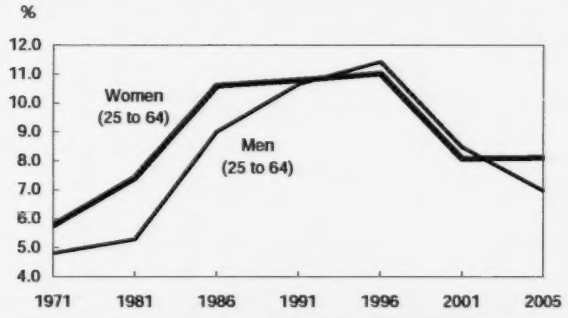
Conclusion

Given that the unemployment rate for those aged 25 to 64 has been around 6% in recent years, a level comparable to the early to mid-1970s, some may think that workers of a given age and education level face no greater chances of being unemployed today than their counterparts 30 years ago. In reality, most labour market participants, especially those with low education levels, are more likely to be unemployed today than in the early 1970s.

For men aged 25 to 34 who did not complete high school, the unemployment rate increased by fully 7 percentage points between 1971 and 2005. For those with a high school diploma, the rise was 3 points. At the other end of the spectrum, male university graduates of that age saw a rise of only 1 point.

Among women aged 25 to 34 with no high school diploma, unemployment grew by 6 percentage points between 1971 and 2005. For those better educated, rates rose by roughly 2 points.

Chart D Unemployment rates standardized for age and education showed greater increases from 1971 to 2005.[1]



1 Unemployment rates are derived by holding the distribution of labour market participants by age and education to 1971 values.
Sources: Census of Population, 1971 to 2001; Labour Force Survey, May and June 2005

Because these increases in unemployment occurred while the Canadian labour force was becoming increasingly educated and experienced, the overall unemployment rate did not trend upwards over the last three decades. However, had these changes in the educational attainment and age structure of the labour force not taken place, unemployment rates of both men and women would have risen, all else equal, between 1971 and 2005 (Chart D). For those in the labour market today, the chances of being unemployed are worse than they were for their counterparts in the early 1970s.

Notes

1 Detailed tables are available from the author.

2 Since the Labour Force Survey contains no information on immigration status, changes in unemployment rates over the 1971-to-2005 period are presented for a sample that includes both immigrants and the native-born. The 1971-to-2001 period uses the Census while the 2001-to-2005 period is based on the Labour Force Survey.

3 Of all 40 sex-age-education combinations considered, only female university graduates aged 55 to 64 experienced a net decrease in their unemployment rate over the 1971-to-2005 period.

4 Employment rates refer to the proportion of individuals of working age who are employed.

5 The overall decline for this age group amounted to 16 percentage points. It was smaller than the decline observed within educational groups because (a) men aged 55 to 64 increased their educational attainment during that period and (b) employment rates rise with education.

Reference

Cross, Philip. 2005. "Recent changes in the labour market." *Canadian Economic Observer* (Statistics Canada, catalogue 11-010-XIB) 18, no. 3 (March): 3.1-3.10.